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**No. 08-205**

**Governor Palin Releases Fiscal Year 2010 Budgets**  
***Spending Less Than Current Year***

December 15, 2008, Juneau, Alaska – Governor Sarah Palin released the budget proposal for Fiscal Year 2010 that will result in less government spending than the current year.

"With the present market conditions and oil prices, it is incumbent on the state to present a general fund budget that spends less than the current one, especially when adjusted for inflation," Governor Palin said. "The spending plan is based on prudent decisions and fiscal discipline while providing for the safety, health and education of our citizens, pursuing responsible resource development, and maintaining a stable economy."

The operating and capital budgets total \$4.9 billion in general funds and \$11.2 billion in total funds. The proposed FY2010 general fund and total fund spending represents a 7 percent decrease from FY2009. This comparison excludes the FY2009 one-time resource rebate of \$746.4 million and appropriations to savings.

The budget also proposes to spend less than the amount of revenue projected for the next fiscal year. For FY2010, the oil price forecast is \$74.41 per barrel, production of 665,000 barrels per day, and total unrestricted revenue of \$5.27 billion.

Based on the fall revenue forecast, the Governor's proposed spending level in FY2010 will result in a surplus of \$388.7 million. These funds would flow into the constitutional budget reserve at the end of the fiscal year. "We were conservative in developing our budget and targeted a lower revenue number based on \$71 per barrel," said Governor Palin.

"The fall revenue forecast again highlights how volatile our revenue cycles can be," said the Governor. "Working with the legislature, we have made good decisions over the past two years – putting money into savings accounts and investing in infrastructure that will help develop our resources and our communities."

"The budget plan is consistent with the fiscal policy that has guided this administration and builds on our commitment to live within our means, save for the future, and control government spending," Karen Rehfeld, budget director said. "The budget provides for essential state services and protects Alaskans."

Highlights of Governor Palin's budget priorities for fiscal year 2010:

Full Funding of K-12 Education \$1.05 billion total funds including \$118 million for intensive needs students

School Major Maintenance – 20 projects - \$40.5 million

Pre-School Pilot Program \$2 million

Head Start Program \$7.7 million

Denali Kid Care \$34.9 million

Full funding of retirement costs unfunded liability \$451.2 million

Oil & Gas exploration tax credits \$300 million

Community Revenue Sharing \$60 million

Gasline Projects \$82.1 million - including \$20 million for the AGIA reimbursement fund

Capital federal highway, aviation and water projects \$887.3 million including \$88.6 million general fund match

- DOTPF Highway & Aviation \$772.5 million (\$49.6 GF match)
- DEC Village Safe Water \$91.6 million (\$39 GF match)
- DEC Municipal water/sewer \$23.2 million

Capital energy projects \$98 million

- \$50 million to capitalize Renewable Energy Grant Fund
- \$41 million AK Energy Authority
- \$7.2 million for AK Housing Finance Corporation

"I have met with legislative leaders and I am committed to working closely with the legislature on the budget and other priority issues," said Governor Palin. "We have a tremendous opportunity to work together and make great progress for the best interests of Alaskans."

Draft budget bills and more detailed information on the budget are available on the Office of Management & Budget website at <http://omb.alaska.gov/>

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